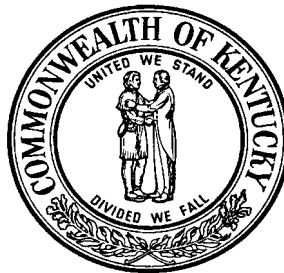


**REPORT OF THE AUDIT OF THE  
PULASKI COUNTY  
CLERK**

**For The Year Ended  
December 31, 2008**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://www.auditor.ky.gov)**

**209 ST. CLAIR STREET  
FRANKFORT, KY 40601-1817  
TELEPHONE (502) 564-5841  
FACSIMILE (502) 564-2912**



## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE PULASKI COUNTY CLERK**

**For The Year Ended  
December 31, 2008**

The Auditor of Public Accounts has completed the Pulaski County Clerk's audit for the year ended December 31, 2008. Based upon the audit work performed, the financial statement presents fairly in all material respects, the revenues, expenditures, and excess fees in conformity with the regulatory basis of accounting.

#### **Financial Condition:**

Excess fees decreased by \$311,740 from the prior year, resulting in excess fees of \$580,790 as of December 31, 2008. Revenues decreased by \$767,353 from the prior year and expenditures decreased by \$455,613.

#### **Deposits:**

The County Clerk's deposits were insured and collateralized by bank securities.



## CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT .....	1
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS .....	3
NOTES TO FINANCIAL STATEMENT .....	7
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	13





CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Barty Bullock, Pulaski County Judge/Executive  
The Honorable Ralph Troxtell, Pulaski County Clerk  
Members of the Pulaski County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the County Clerk of Pulaski County, Kentucky, for the year ended December 31, 2008. This financial statement is the responsibility of the County Clerk. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk's office prepares the financial statement on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues, expenditures, and excess fees of the County Clerk for the year ended December 31, 2008, in conformity with the regulatory basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated August 4, 2009 on our consideration of the Pulaski County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.



The Honorable Barty Bullock, Pulaski County Judge/Executive  
The Honorable Ralph Troxtell, Pulaski County Clerk  
Members of the Pulaski County Fiscal Court

This report is intended solely for the information and use of the County Clerk and Fiscal Court of Pulaski County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen  
Auditor of Public Accounts

August 4, 2009

PULASKI COUNTY  
RALPH TROXTELL, COUNTY CLERK  
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2008

Revenues

State Fees For Services		\$	26,194
Fiscal Court			8,793
Licenses and Taxes:			
Motor Vehicle-			
Licenses and Transfers	\$	2,478,374	
Usage Tax		7,191,914	
Tangible Personal Property Tax		4,456,417	
Other-			
Fish and Game Licenses		7,625	
Marriage Licenses		17,892	
Occupational Licenses		39	
Notary Fees		15,675	
Clerk Lien Fees		41,634	
Deed Transfer Tax		178,632	
Delinquent Tax		525,226	14,913,428
Fees Collected for Services:			
Recordings-			
Deeds, Easements, and Contracts		75,496	
Real Estate Mortgages		145,155	
Chattel Mortgages and Financing Statements		169,710	
Powers of Attorney		9,648	
All Other Recordings		107,944	
Charges for Other Services-			
Postage		8,907	
Copywork		33,221	550,081
Other:			
Miscellaneous		6,401	
Refunds		65,540	
Delinquent Tax Release Fees		6,790	78,731

The accompanying notes are an integral part of this financial statement.

PULASKI COUNTY  
 RALPH TROXTELL, COUNTY CLERK  
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2008  
 (Continued)

Revenues (Continued)

Interest Earned	\$ 24,796
Total Revenues	15,602,023

Expenditures

Payments to State:

Motor Vehicle-

Licenses and Transfers	\$ 1,683,020
Usage Tax	6,975,774
Tangible Personal Property Tax	1,770,188

Licenses, Taxes, and Fees-

Fish and Game Licenses	7,267
Delinquent Tax	115,261
Legal Process Tax	64,804
Affordable Housing Trust Fund	89,670

\$ 10,705,984

Payments to Fiscal Court:

Tangible Personal Property Tax	287,144
Delinquent Tax	28,909
Deed Transfer Tax	169,702
Occupational Licenses	13
	485,768

Payments to Other Districts:

Tangible Personal Property Tax	2,225,024
Delinquent Tax	235,028
	2,460,052

Payments to Sheriff 7,176

Payments to County Attorney 74,068

Operating Expenditures and Capital Outlay:

Personnel Services-	
Deputies' Salaries	816,070

The accompanying notes are an integral part of this financial statement.

PULASKI COUNTY  
 RALPH TROXTELL, COUNTY CLERK  
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2008  
 (Continued)

Expenditures (Continued)

Operating Expenditures and Capital Outlay: (Continued)

Contracted Services-

Advertising	\$	1,739
Printing and Binding		13,818
Maintenance and Repairs		41,728

Materials and Supplies-

Office Supplies		44,912
-----------------	--	--------

Other Charges-

Conventions and Travel		6,142
Dues		600
Bond		646
Postage		18,918
Returned Checks		2,120
Refunds		65,540
Telephone		27,548
Miscellaneous		12,124
Election Expense		5,750
Uniforms		6,443
Credit Card Usage Fees		9,485
	\$	1,073,583

Capital Outlay-

Office Equipment		7,534
Office Renovation		31,670
Storage Building		75,000
		114,204

Debt Service:

Lease Purchases		12,204
-----------------	--	--------

Total Expenditures		\$	14,933,039
--------------------	--	----	------------

The accompanying notes are an integral part of this financial statement.

PULASKI COUNTY  
 RALPH TROXTELL, COUNTY CLERK  
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2008  
 (Continued)

Net Revenues		\$	668,984
Less: Statutory Maximum			<u>82,832</u>
Excess Fees			586,152
Less: Expense Allowance	\$	3,600	
Training Incentive Benefit		<u>1,762</u>	<u>5,362</u>
Excess Fees Due County for 2008			580,790
Payments to Fiscal Court:			
December 31, 2008		575,756	
December 31, 2008		<u>5,034</u>	<u>580,790</u>
Balance Due Fiscal Court		\$	<u><u>0</u></u>

The accompanying notes are an integral part of this financial statement.

PULASKI COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2008

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the County Clerk as determined by the audit. KRS 64.152 requires the County Clerk to settle excess fees with the fiscal court by March 15 each year.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting, revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive), at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2008 services
- Reimbursements for 2008 activities
- Payments due other governmental entities for December tax and fee collections and payroll
- Payments due vendors for goods or services provided in 2008

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

PULASKI COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2008  
(Continued)

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer, defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members.

Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 16.17 percent for the first six months and 13.50 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The Pulaski County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the County Clerk's deposits may not be returned. The Pulaski County Clerk does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2008, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

PULASKI COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2008  
(Continued)

Note 4. Leases

- A. On October 1, 2007 the Pulaski County Clerk entered into a five-year lease agreement with Ershig Properties for office space within the Somerset Mall. The County Clerk is required to make monthly payments of \$750. As of January 1, 2008 the beginning principal balance was \$42,750. During the year, the County Clerk paid \$9,000 leaving an ending principal balance on December 31, 2008 of \$33,750.
- B. On September 26, 2008 the Pulaski County Clerk signed a new lease agreement with Pitney Bowes for a mailing system. The lease agreement requires sixteen quarterly payments of \$999 for a total of \$15,984. The first quarterly payment will be due February 6, 2009. Therefore, the balance of the lease at December 31, 2008 was the total lease amount of \$15,984.

Note 5. Grant

The Pulaski County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives during the year in the amount of \$30,000. No funds were expended during the year. The unexpended grant balance was \$30,000 as of December 31, 2008.

Note 6. Cash Drawers

The Pulaski County Fiscal Court allowed the County Clerk to retain \$1,000 from 2007 excess fees to be used for the cash drawers of his office. The \$1,000 will be paid to the fiscal court as excess fees when the County Clerk concludes his last year in office.

THIS PAGE LEFT BLANK INTENTIONALLY

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Barty Bullock, Pulaski County Judge/Executive  
The Honorable Ralph Troxtell, Pulaski County Clerk  
Members of the Pulaski County Fiscal Court

Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards

We have audited the statement of revenues, expenditures, and excess fees - regulatory basis of the Pulaski County Clerk for the year ended December 31, 2008, and have issued our report thereon dated August 4, 2009. The County Clerk's financial statement is prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Pulaski County Clerk's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County Clerk's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County Clerk's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the regulatory basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statement that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statement will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Pulaski County Clerk's financial statement for the year ended December 31, 2008, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of management, the Pulaski County Fiscal Court, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Crit Luallen', with a stylized, flowing script.

Crit Luallen  
Auditor of Public Accounts

August 4, 2009

